

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
COMMUNITY DEVELOPMENT DIVISION

Subject: FINANCIAL STATUS REPORTS

Effective Date: September 1, 2015

This policy gives guidance to CDD Grantees for completing the Financial Status Report/Payment Request (FSR). You should also refer to Section 9 of the OPAL Grantee Help Manual (under “Downloads” on Start Menu). Below is a list of items CDD Staff takes into consideration when reviewing, approving, or denying FSRs:

- Requesting Grant Funds -- Financial Status Report (FSR)
- Reporting Expenditures
- Disbursement Procedures for TPAs
- Expenditures Expectations
- OPAL Logic
- Exceptions

FSR PAGE 1 – EXPENSE SUMMARY TAB

1. Current Report Period

While many grantees operate on an “accrual basis” for accounting purposes, the FSR is a “cash based” report. The “Current Report Period” entered on the FSR should be the actual period in which invoices were received, or funds were paid to the contractor. Therefore, grantees should enter the actual report period, even if the report period is outside of the grant term. The “Current Report Period” must include/encompass the Invoice Date(s) in the Expense Detail tab.

2. Program Income is covered in Policy Bulletin #4.

3. Administrative Draws

Grantees are expected to draw administration funds in proportion to the amount expended on project activities, depending on the percentage of grant funds dedicated to administration. For example, CDBG grants receive 18% for administration and draws of administrative funds will be limited to 18% of project costs expended. CD allows grantees to make an initial draw against administration at the beginning of the grant to defray expenses associated with starting up their program (i.e. Environmental Review, creation of Program Guidelines, etc.) as follows:

HOME, CDBG and MSHDA-funded grants; maximum initial admin draw = \$5,000
NSP 1 and NSP2; maximum initial admin draw = 20% of amount budgeted for admin (if any).
The initial draws should NOT be requested as an advance on OPAL.

4. Advances of (HOME, CDBG, and MSHDA-funded grants)

HRF Grantees may request an advance equivalent to 60 calendar days working capital for projects. Advances for acquisition will be considered on a case-by-case basis.

NSP Grantees may receive advances for the purpose of acquisition only. All other grant dollars will be disbursed as reimbursements for reported expenditures.

It is expected that a subsequent FSR will be submitted within 60 days that reports the advance as expended. Under no circumstance are grantees allowed to request subsequent advances without reporting expenditures for the majority of the previous advance.

If the advance is being requested with an FSR where expenditures are also being reported, enter the current report date as instructed above (Current Report Period). If the advance is requested without reporting expenditures, the Current Report Period is less relevant; grantees may enter the beginning and ending date of the current week or month.

The amount of the requested advance is entered directly onto the first page of the FSR in the "Requested Advance" field. Grantees are required to identify specific costs, by address, for which they are drawing the advance in the comments section of the FSR. These activities must be set-up and "in progress" on OPAL.

MSHDA will monitor to ensure that funds are disbursed within 60 days of receipt. If funds are held longer than 60 days, it will result in a monitoring finding. Grantees who have failed to expend and/or report the expenditure of funds in a timely manner may be required to function on a reimbursement-only basis.

Interest Earned on Advanced Grant Funds: Grantees should deposit grant dollars received in the form of an advance into a non-interest bearing account. Interest earned on advances must be returned to MSHDA.

FSR PAGE 2 - EXPENSE DETAIL TAB

This page is used to report expenditures made against specific activities. Amounts entered on this page are automatically totaled and transferred to the line item budget on Page 1 of the FSR.

Below is a brief description of each of the fields on the Expense Detail page:

1. Item

This field contains the name of the component as indicated in the budget. Grantees do not manually enter this data; it is drawn from a drop-down menu containing the list of components they may draw against.

2. Activity

This column contains the addresses of the activities being billed against. Grantees do not manually type this information into the field; it is chosen from a drop down menu containing a list of activities they may draw against. This field will be left blank for NPP, CHDO General Operating grants and against the NSP General Activity Delivery line item since these dollars are not tied to specific addresses.

NOTE: If the activity status is other than "in progress", it will not appear on the drop down menu as an activity you may draw against. Refer to the Grantee Help Manual on OPAL regarding activity statuses.

3. Developer Fee (Homebuyer Grants Only)

For activities containing a developer fee, grantees are allowed to draw 50% of the developer fee at the start of the project. The remaining 50% is generally paid upon activity completion. Grantees should check the developer fee box when drawing against their developer fee for that specific activity.

4. Invoice Date

The invoice date must be within the term of the Current FSR Report Period. If not, edit the Current FSR Report Period. This date may reflect either the actual date of the invoice, or the actual date on which the check for that invoice was written.

5. Description

This field allows for a description of the expenditure and advance request such as \$1500, Quality Plumbing (new sinks), \$4,000, A-1 Mechanical (furnace), etc. Grantees have flexibility in the manner in which they report expenditures against an activity such as:

6. Amount of Invoice – This field represents the full amount of the invoice received.

7. Amount Billed to MSHDA – This field represents the amount of the invoice to be paid/expended from the grant.

If the Expense Detail page is not completed correctly, the FSR will be returned for modification.

GRANT DISBURSEMENTS PROCEDURE FOR TPAs

All grant disbursements will be made directly to and deposited in an account of the grantee.

When the Third Party Administrator is a non-profit or governmental agency, a grantee may request in writing to MSHDA authorization that funds for project implementation activities be disbursed by the grantee to that administrator for deposit. The administrator would then be responsible for writing and disseminating individual payments to rehabilitation contractors in a timely manner. Such fiscal responsibility must be clearly described in the grantee's administrative agreement with the administrator, which must be approved by and on file with MSHDA.

EXPENDITURE EXPECTATIONS

All grant funds should be expended in a timely manner. According to the terms of a typical two-year grant the expenditure rate is as follows:

15 % expended	by the end of the 3rd quarter of the grant term
30 % expended	by the end of the 4th quarter of the grant term
75 % expended	by the end of the 6th quarter of the grant term
100 % expended	by the end of the 8th and final quarter of the grant term

Audit. All expenditure of grant funds are subject to audit (Single Audit, Program Audit of Local Unit of Government Audit).

OPAL LOGIC

Refer to Section 9 of the OPAL Grantee Help Manual for descriptions of the various statuses of FSRs and the business rules built into the FSR process.

EXCEPTIONS

If an exception to this policy is needed, either contact your CD Specialist prior to submitting the FSR, or request the exception in the comments section of the FSR. This will avoid unnecessary delays in the processing of the FSR.

If you have questions, contact your CD Specialist at 517-373-1974.